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## FISCAL UPDATE Article

Fiscal Services Division

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### CHILD CARE PROJECTIONS WORKGROUP

**Projections Work Group.** Staff from the Department of Management (DOM), the Department of Human Services (DHS), and the Fiscal Services Division of the Legislative Services Agency (LSA) met on December 14, 2017, to discuss the Child Care Assistance (CCA) Program estimated FY 2018 and FY 2019 expenditures. The Projections Work Group is established in Iowa Code section [234.47](#) to discuss revenues and expenditures and agree on an estimate for the current and upcoming fiscal years.

The [Child Care Assistance Program](#) provides subsidized child care for low-income families with working parents, parents gaining work skills, parents going to school, and parents unable to care for children for a limited time due to physical or mental illness. The table on the following page is the current projected balance sheet.

**Fiscal Year 2018.** The estimated FY 2018 General Fund appropriation is an increase of \$7.6 million compared to actual FY 2017 ([HF 653](#) – FY 2018 Health and Human Services Appropriations Act). The current consensus agreement for FY 2018 is an estimated need of \$6.5 million, due to the following reasons:

- The enacted appropriation was \$4.3 million below the March 2017 estimated need for the Program.
- Fiscal Year 2017 ended with approximately \$400,000 less in surplus than anticipated.
- Program growth experienced and anticipated in the current year of \$1.8 million.

The appropriation also includes the following language:

*If the appropriations made for purposes of the state child care assistance program for the fiscal year are determined to be insufficient, it is the intent of the general assembly to appropriate sufficient funding for the fiscal year in order to avoid establishment of waiting list requirements.*

In light of this language, the DHS is evaluating options for funding sources to avoid establishing a waiting list. According to the [National Women's Law Center](#), 20 states currently have a waiting list or frozen intake.

**Fiscal Year 2019.** The consensus estimated need for FY 2019 is \$13.5 million. This amount is based on the current General Fund and Temporary Assistance for Needy Families appropriations for FY 2018. The observed caseload growth and cost-per-child trends in the early months of FY 2018 are projected to extend into FY 2019.

### Child Care Assistance Estimated Budget

	<u>Actual FY 2017</u>	<u>Projected FY 2018</u>	<u>Projected FY 2019</u>
<b>Revenues</b>			
Funds Carried Forward	\$ 4,073,334	\$ 1,063,700	\$ 500,000
State General Fund Appropriation	31,722,450	39,343,616	39,343,616
Temporary Assistance for Needy Families	49,866,826	47,866,826	47,866,826
Child Care Development Fund	49,753,801	49,939,036	50,283,434
Special Grant Funds	85,944	65,000	0
<b>Total Revenues</b>	<u>\$ 135,502,355</u>	<u>\$ 138,278,178</u>	<u>\$ 137,993,876</u>
<b>Expenditures</b>			
Total Child Care Assistance	\$ 110,766,672	\$ 118,786,325	\$ 122,853,753
Child Care Management Information System	571,558	413,013	643,123
Quality Rating System	1,119,820	1,338,735	1,358,471
Quality Activities & Other	5,620,408	6,369,197	7,906,208
Resource and Referral (Fed & State)	2,741,668	3,839,559	3,872,608
Early Childhood Iowa Grants	6,350,000	5,850,000	5,850,000
Legal Services, Printing, & Postage	264,796	298,425	311,779
General Administrative Costs	1,637,191	1,726,901	1,897,005
Field Operations	5,280,598	5,829,221	6,346,211
Special Grant Funds	85,944	19,371	0
Expenses transferred to CC Facility Fund	0	-222,918	0
Carryforward for Federal Fiscal Year	1,063,700	500,000	500,000
<b>Total Expenditures</b>	<u>\$ 135,502,355</u>	<u>\$ 144,747,829</u>	<u>\$ 151,539,158</u>
<b>Surplus / -Need</b>		<u><u>\$ -6,469,651</u></u>	<u><u>\$ -13,545,282</u></u>

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